

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Periodic Reporting  
(Proposal One)

Docket No. RM2022-3

PUBLIC REPRESENTATIVE MOTION  
FOR ISSUANCE OF FIRST INFORMATION REQUEST

(Issued January 31, 2022)

Pursuant to 39 C.F.R. § 3001.21(a) and 39 C.F.R. § 3007.3(c), the Public Representative requests that a Confidential Information Request be issued to obtain additional clarifying information from the Postal Service concerning the proposed changes to analytical methods in calculating attributable city carrier, letter route, street time costs by employing an overall top-down model, labeled as Proposal One, filed January 5, 2022. The proposed questions seek information that will allow participants to provide more constructive comments and evaluate whether the proposal meets the applicable legal and regulatory requirements. Obtaining this information will also contribute to a better understanding of how the Postal Service has interpreted Commission rules and allow the Commission to make a fully informed, reasoned determination on whether Proposal One meets applicable legal and regulatory requirements, including 39 U.S.C. § 3652(e)(2) and 39 C.F.R. part 3050.

**Proposed Question(s)**

1. Please refer to the Bradley Study that states, “The dependent variable in the top-down equation will be the amount of street time incurred by all carriers in an individual ZIP Code on a given day.” Bradley Study at 44.
  - a. Please confirm that, due to the construction of this dependent variable, it possesses a lower bound of 0 hours.

- i. If confirmed, please explain how the United States Postal Service's Top-Down Model accounts for this bound when estimating its proposed quadratic regression.
  - ii. If confirmed, considering this bound, please provide further justification (beyond that which is provided in the Bradley Study at 48 – 50) as to why a quadratic equation is the best functional form for this analysis. Specifically, please reflect on its appropriateness given its potential to predict street times below the above-mentioned lower bound.
  - iii. If not confirmed, please explain the lower bound of this variable and any relevance it has to the choice of the functional form.
2. Please refer to Table 30 from the Bradley Study at 114 and Library Reference USPS-RM2022-3-1, folder "Directory 4 Public Impact Workbooks," Excel file "CS06&7-Public-FY21-TopDown.xlsx," tab "7.0.1." Please describe how the United States Postal Service defines relay in "Travel To/From Route and Relay" and "SPR RELAY (TRANS TO LTR)" and provide separate thorough descriptions of the activities included in each of these activities.
3. Please refer to the Bradley Study that states that "the 7.3 percent variability is multiplied by a FY 2021 cost pool of \$12.9 billion" and that this "variability leads to \$943 million volume variable letter route street time cost for that cost pool." Bradley Study at 115.
  - a. Please point to the source of the \$943 million cost referenced above.
  - b. Please point to the exact location in the submitted documents where the updated variability is multiplied by the \$12.9 billion cost pool to determine the volume variable cost.
4. Please refer to the Bradley Study at 6 – 7 that states, "Upon investigation the Postal Service determined that the main differentiating factor of City Carrier Street time costs is indeed ZIP codes that receive FSS Processing, which was one of the two stratification criteria identified in the First Status Report. The second potential stratification criteria identified in that Report, the Accountable time per ZIP code, appears to merely conflate the strata definitions and to result

in an unreliable dataset for analysis. FSS ZIP codes overall have a higher number of routes, hours, mail volumes, and therefore likely have higher Accountable mail volume. As such, the Postal Service reduced the number of strata from four to two, zones that receive FSS processing and those that do not, and selected a new sample accordingly.” Bradley Report at 6 – 7 *citing* First Status Report of The United States Postal Service in Response to Order No. 4869, Docket No. PI2017-1, April 19, 2019, at 1 (First Status Report) (internal citation omitted).

- a. Please explain the nature of the investigation referenced above, specifically the methods of the investigation.
- b. Please explain the rationale for stating that the Accountable time per ZIP code “appears” to conflate strata definitions and its inclusion as a criterion results in an unreliable dataset for analysis. Please explain the evidence of this claim and describe any methods employed to substantiate this claim.
- c. Please refer to the First Status Report that states, “Previous research on estimating city carrier street time costs showed that costs for FSS ZIP Codes are materially different from costs for non-FSS zones.” First Status Report at 2.
  - i. Please explain the rationale for the above conclusion.
  - ii. Please explain the evidence of this claim and describe any methods employed to substantiate this claim.
- d. Please confirm that the higher number of routes, hours, and mail volumes for ZIP codes that receive FSS processing are the reasons this indicator was chosen as a stratification criterion.
  - i. If confirmed, please provide an intuitive explanation for ZIP codes that receive FSS processing having high number of routes, hours, and mail volumes.
  - ii. If not confirmed, please explain the reason that ZIP codes that receive FSS processing was chosen as a stratification criterion.

5. Please refer to the Bradley Study's description of the Delivery Data Set stating, "Because of the COVID-19 pandemic, the monthly 2020 volume and street hour data are distorted and do not reflect ongoing operational practice. During much of the year, the Postal Service was not able to follow normal street time procedures. Consequently, data from [calendar year] 2019 remain the most relevant to estimate the variabilities of street time." Bradley Study at 5 n.9. Please also refer to the Bradley Study's description of the Collection Volume Data Set stating, "In the course of their delivery activities, letter carriers also collect mail from customers' receptacles...so it is important to include some measure of this collected volume to avoid omitted variables bias... Carriers from over one thousand ZIP Codes participated in the collection volume study in a two-week period in January and February 2021." Bradley Study at 25 (internal citations omitted).
- a. Please explain the reason the Delivery Data Set consists of calendar year 2019 data rather than fiscal year 2019 data. Please explain whether using data from calendar year 2019 or fiscal year 2019 would be more appropriate for estimating street time variabilities.
  - b. Please confirm that during January and February 2021, when data for the Collection Volume Data Set was collected, the Postal Service followed normal street time procedures in collecting mail from customers' receptacles.
    - i. If confirmed, please explain the reason the pandemic did not affect collection procedures in January and February 2021, given that it caused distortions on volume and street hour data, rendering the monthly 2020 and 2021 volume and street hour data less relevant in estimating street time variabilities.
    - ii. If not confirmed, please explain in which ways street time procedures for collecting mail from customers' receptacles deviated from the norm during January and February 2021 and explain any relevance of these deviations on the appropriateness of using collection volume data from this period to estimate street time

variabilities. Please confirm this deviation was due to the COVID-19 pandemic.

6. Please refer to the Bradley Study's description of the Collection Volume Data Set's methodology for recording total volume of mail collected from customers' receptacles that states "An actual piece count was required if there was less than one inch of mail. When there was more than one inch of mail, carriers had the option using one of two [conversion] methods [CPMS official flat tub conversion and CPMS pincher conversion]." Bradley Study at 26-27. Please also refer to the Bradley Study that states, "The primary explanatory variables included in the top-down equation are the volumes handled by city carriers." Bradley Study at 45.
  - a. Please confirm that mail collected from customers' receptacles is a primary explanatory variable in the calculation of street time variabilities.
    - i. If confirmed, please explain whether the referenced conversion processes could lead to measurement error bias due to measurement error in an explanatory variable.<sup>1</sup> In your response, please indicate the expected directional bias of said measurement error on street time variabilities.
    - ii. If not confirmed, please provide the main explanatory variables for the calculation of street time variabilities. Please also explain whether the Postal Service believes there is measurement error in any of these variables and give its conclusions on the impact of said measurement error on estimated street time variabilities.

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<sup>1</sup> In mail processing variability studies, the Commission has previously stated that "Measurement of the variables that are to be used as explanatory terms in the estimated variability models (TPF or FHP) [Total Pieces Fed and First Handled Pieces, respectively, which are measures of volume] must be substantially free of error. The Commission has warned since Docket No. R97-1 that the consequences that follow from using an explanatory variable measured with a substantial level of error can be severe." Docket No. R2006-1, Opinion and Recommended Decision, Vol. 1, at 30. See also Docket No. RM2020-13, Reply Comments of The United States Postal Service Regarding Proposal Six, "Bozzo.Reply.Report.pdf" at 5.

- b. For each of the two referenced conversion methods, please provide any research the Postal Service has conducted on the accuracy of these methods in estimating volumes and their conclusions.

Respectfully submitted,

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